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PSX soars past 182,000-barrier despite economic woes

Ample liquidity, rate cut hopes drive unprecedented rally

By Muhammad Kashif

KARACHI: For no apparent positive triggers, the Pakistan Stock Exchange (PSX) extended its bullish spell in the first session of the week as bulls continued their charge, catapulting the benchmark KSE-100 index to an intraday high of 184,000, a gain of almost 5,000 points in a single session on Monday.

The index, however, settled at 182,408.24, up 3,373.31 points or 1.88 per cent. The strong close near the day's peak underscored firm investor confidence and signalled a buoyant start to the year for equities, maintaining the record-setting spree for a third consecutive session.

Replying to *Dawn's* queries about the factors behind this unprecedented bullish persistence despite economic challenges, particularly the declining exports and widening trade deficit, Topline Securities Ltd Chief Executive Mohammed Sohail said the non-stop buying by local funds is boosting share prices. Investors expect a further rate cut in the coming weeks, as the Consumer Price Index-based inflation decelerated to 5.6pc in December, down from 6.1pc in November.

"This rally is mainly driven by excess cash liquidity available in the system in the absence of any other good alternative," he remarked.

The brokerage house noted in its market commentary that the local bourse kicked off the new year on a powerful note, as aggressive buying by local mutual funds set the tone, driving the market into a decisive bullish session. Optimism ahead of the upcoming monetary policy meeting over a potential rate cut fuelled risk appetite, driving broad-based market participation.

The top positive contributors to the index were United Bank, Habib Bank, Engro Holdings, MCB Bank, Engro Fertiliser, and Fauji Fertiliser, which collectively added 1,853 points.

Market participation turned robust as trading volume surged 24.36pc to 1.38 billion shares, while traded value rose 21.37pc to Rs77.9bn.

Answering a question about what is driving the unprecedented rally at the PSX amid growing regional tensions, Ali Najib, Deputy Head of Trading at Arif Habib Ltd, believed abundant market liquidity and expectations of a declining interest rate environment were the key factors fuelling the record-setting rally, encouraging a strong equity rerating.

"Investor confidence around IMF continuity, policy stability, and reform expectations is outweighing prevailing economic challenges and regional tensions," he added.

Mr Ali was of the view that investor sentiment has shifted decisively from fixed income to equities in search of superior real returns.

"The optimism surrounding privatisation initiatives, market structure improvements, and broader reforms has acted as a key catalyst," he opined.

He said that market participants were increasingly forward-looking, discounting near-term macroeconomic weaknesses such as declining exports and a widening trade deficit.

Commenting on the lack of impact of the GDP slowdown in the first quarter of FY26 compared to the preceding period, he believed the market was essentially looking beyond short-term economic softness.

"Expectations of an economic recovery and sustained policy support are the main forces driving the index to new highs despite weaker headline growth numbers," Mr Ali added.

On the sectoral front, CY24 fertiliser offtake reached a record 6.73 million tonnes, driven by a strong December, defying expectations of surplus inventories and exports. Consequently, urea inventories are projected to decline sharply to 208,000 tonnes. Company-wise, FFC's offtake declined 9pc YoY, while Engro Fertiliser grew 9pc YoY, and Fatima Fertiliser posted a robust 19pc YoY growth to a record level.

Analysts believe the rally signals further upside, with the strong bullish trend remaining firmly intact, supported by improving macroeconomic indicators and expectations of stronger corporate earnings in the coming weeks.

They view 180,000 as the immediate support level, should any corrective move emerge around current levels.

PAKISTAN STOCK EXCHANGE

THE TOP FIVERS

GAINERS		LOSERS		LEADERS*	
PIA Holding CoB	1408.26	Unilever Foods	91.99	Bank of Punjab	95.46
Indus Motor	55.04	Rafhan Maize	82.55	PIBT	79.72
Sazgar Engg	55.03	Ismail Industries	45.78	K-Electric	75.18
Shield Corporation	52.80	Pakistan Services	33.92	Telecard Limited	74.35
Bhanero Textile	50.00	Murree Brewery	15.97	Hascol Petroleum	63.51

(Share values in rupees) * Volume in millions of traded shares

INDICATORS	Monday	Previous	Change
KSE 100-SHARE INDEX (Points)	182,408.24	179,034.93	▲ 3,373.31
KSE 30-SHARE INDEX (Points)	56,150.40	55,017.41	▲ 1,132.99
MARKET CAPITAL (Rs billion)	20,509.637	20,212.548	▲ 297.089
TRADING VALUE (Rs billion)	78.095	64.340	▲ 13.755

ACTIVITY

Total listed	532
Active	483
Gainers	256
Losers	197

PARTICIPANTS

Foreign	▼ $11.4m
Companies	▲ $7.66m
Banks	▼ $1.15m
Mutual Funds	▲ $15.3m
Individuals	▼ $11.2m

Booming bourse fails to attract foreign investors

Outflow of $393m from equity investments exceeds $142m inflow in July-December

By Shahid Iqbal

KARACHI: As one of the fastest growing equity markets in the world, the Pakistan Stock Exchange (PSX) failed to attract foreign investors despite offering massive profits to the investors in the calendar year 2025.

According to the State Bank of Pakistan (SBP) data, the outflows of the foreign investments from the equity market stood at $393 million against inflows of $142m during the first half of the fiscal year 2025-26.

The booming stocks remain attractive for the domestic investors despite many odds and difficulties for the growth of the economy; even the economic growth remained extremely poor during the last three years. It seems the equity market is no more a barometer to judge the economic growth of the country.

It is surprising that while the domestic investors have invested in the equity market on a large-scale and the market is paying huge dividends, the foreign investors did not find it comfortable to invest their money.

Analysts offer a number of reasons for their low profile investments in the booming PSX. During the first half of the current fiscal year FY26, the KSE-100 index went up by 38.8pc to 174,472 points on Dec 31 from 125,627 on July 1.

The foreign investors are not limited to equity market but in all most all sectors they kept their hands closed not investing fearlessly. The foreign direct investment during the first five months of FY26 declined by 25pc.

At the same time, the government's all efforts failed to attract foreign investors. The attractive national airline PIA was sold to a local consortium as the foreign investors did not come forward to buy the airlines with more than 150 international air routes. Privatisation failed to attract foreign investors despite offering many incentives like reducing or eliminating the debts on a particular units.

Some analysts said the benchmark KSE-100 index delivered 51pc annual return, reflecting renewed confidence in Pakistan's economic direction but are unable to justify the growth since the growth has no match with the overall economic growth and rising poverty in the country.

The poor performance of the trade and industry is also one of reasons for the reluctance of foreign investors. The trade deficit for December 2025 widened to $3.7bn, up 24pc year-on-year and 28pc month-on-month, highlighting persistent pressure on the external account; the deficit swelled 34.57pc to $19.204bn in July-December 2025-26 against $14.271bn over the corresponding period last year.

The current account is also showing a weak position compared to the last fiscal year. The current account during July-Nov FY26 posted a deficit of $812m against a surplus of $503m during the same period of last year.

ABOUT a dozen tankers loaded with Venezuelan crude oil and fuel have left the country's waters in dark mode in recent weeks. Most of them are supertankers that typically carry oil to China.—Reuters/file

Oil fluctuates, Venezuela's bonds surge after US raid

Chevron set to make a comeback; dozen 'dark' tankers loaded with crude and fuel 'break US embargo'

HOUSTON: Oil prices increased by more than 1pc on Monday as traders assessed the possible impact on crude flows from Venezuela, home to the world's largest oil reserves, following the US capture of Venezuelan President Nicolas Maduro.

Brent crude futures were up 96 cents, or 1.58pc, at $61.71 a barrel by 12:56pm EDT. US West Texas Intermediate crude gained 95 cents, or 1.66pc, to $58.27.

Both benchmarks rose more than $1 in late morning trade after falling more than $1 earlier in a choppy session, as investors digested news of Maduro's capture and that Washington would take control of the Opec member whose crude exports had been under a US embargo that remains in place.

Meanwhile, *Reuters* reported that about a dozen tankers loaded with Venezuelan crude oil and fuel have left the country's waters in dark mode since the start of the year.

All the identified vessels are under sanctions and most of them are supertankers that typically carry Venezuelan crude to China, according to TankerTrackers.com and shipping documents from state-run Venezuelan oil company PDVSA.

A separate group of smaller ships, also under sanctions, left the country after discharging imports or completing domestic trips.

Despite the troubles facing Caracas, its default-hit government bonds surged on Monday after the seizure of President Maduro, as it fuelled fresh hopes for one of the largest and potentially most complex ever sovereign debt restructurings.

Bonds issued by the government and state oil company, Petroleos de Venezuela, known as PDVSA, jumped as much as 8.5 cents on the dollar, or around 20pc, with analysts predicting further gains to come.

"Venezuela and PDVSA bonds have roughly doubled in price during the course of 2025, but should still see a strong bounce up to 10 points at the start of Mondays session," JPMorgan analysts said in a note to clients.

The bonds, which went into default in 2017, were the world's best performing last year, nearly doubling in price as President Trump ratcheted up military pressure on Maduro.

Following on from President Trump's vow to stake a claim to Venezuelan oil, Chevron is calling employees back to the country as its crude exports to the US resume and it tries to secure normal operations.—Agencies

Makers seek govt support for mobile policy

By Kalbe Ali

ISLAMABAD: Mobile manufacturers have demanded that the government share equal responsibility to make the new Mobile and Electronics Manufacturing Policy 2026-33 successful.

The Pakistan Mobile Phone Manufacturers Association (PMPMA) also agreed on Monday to assemble mobile phone motherboards in the country if the mutually agreed policy is approved.

It was agreed in a meeting chaired by Special Assistant to the Prime Minister on Industries and Production Haroon Akhtar Khan.

"If we have 75 per cent localisation, foreign investment will be encouraged in high-tech manufacturing. Our aim is to have $1 billion in exports of mobile phones along with accessories in five years, and start chip manufacturing by 2033," the SAPM said.

He added, "Many technologies, including chip-making, will not remain niche in the future, but we have to start now."

The policy has proposed rebate on the export of mobile phones by allowing a fixed and non-discretionary 8pc R&D allowance.

The policy also proposed a ban on 2G handset manufacturing, which accounted for up to 47pc of total sets assembled in the country.

The presentation to the SAPM was given by Amir Allawala, a senior member of the association.

Services exports rise 17pc in July-November

By Mubarak Zeb Khan

ISLAMABAD: Pakistan's exports of services grew 16.77 per cent during the first five months (July-November) of 2025-26, driven largely by an increase in information technology exports.

In contrast to commodity exports, which have exhibited mixed trends, the services sector has consistently recorded positive growth since the start of the fiscal year.

According to data compiled by the Pakistan Bureau of Statistics, services exports rose by 18.27pc year-on-year in July, followed by increases of 8.41pc in August, 14.85pc in September, 17.61pc in October, and 22.26pc in November. The growth in export of services is mainly led by telecommunication, computer and information services.

The export of services reached $3.833 billion in July-November FY26, up from $3.283bn over the corresponding months of last year. In rupee terms, the exports improved by 18.42pc to Rs1.081 trillion in 5MFY26 against Rs913.145bn in 5MFY25. This clearly indicates that export of services is steadily on the rise in the current fiscal year.

In November, the export of services reached to $814.25m from $666.01m over the corresponding month of last year, indicating growth of 22.26pc. On a month-on-month basis, the exports of services grew 0.41pc.

According to the data compiled by the State Bank of Pakistan, the exports of telecommunications, computer, and information services rose 18.51pc to $1.799bn in 5MFY26 against $1.518bn in 5MFY25.

The export of other business services jumped 24.01pc to $816m in 5MFY26 as against $658m in 5MFY25. The export of transport services increased by 2.76pc to $372m against $362m last year. However, the export of travel services grew 9.15pc to $322m in 5MFY26.

At the same time, the import of services surged by 12.78pc to $5.146bn in 5MFY26 as against $4.563bn in 5MFY25. On a month-on-month basis, the import of services decreased by 9.04pc.

The largest share in the import of services during 5MFY26 was attributed to the transport sector, with its value rising 6.35pc to $2.093bn followed by travel services, which surged 54.27pc to $1.487bn. The trade deficit in services increased by 2.55pc to $1.312bn in 5MFY26 compared to $1.279bn in 5MFY25.

US DOLLAR	BUYING Rs280.50 SELLING Rs281.15	EURO	BUYING Rs327.17 SELLING Rs330.25
GBP	BUYING Rs376.12 SELLING Rs379.60	UAE DIRHAM	BUYING Rs76.50 SELLING Rs77.25
KSA RIYAL	BUYING Rs74.80 SELLING Rs75.42	GOLD	TOLA Rs464,762 10 GMS Rs398,458

PM directs easy bank loans for SMEs

ISLAMABAD: Prime Minister Shehbaz Sharif on Monday directed the relevant institutions to expedite measures for providing loans to small and medium enterprises on easy terms through banks and other financial institutions.

Chairing a meeting, the premier commended Special Assistant Haroon Akhtar and Small and Medium Enterprises Development Authority's (Smeda) newly elected board of directors for formulating a practical and effective plan.

"SMEs are the backbone of the country's economy," Mr Shehbaz said, adding that there is immense potential to increase the country's exports through the development of small and medium enterprises.

A three-year roadmap for the promotion of SME sector was presented in the meeting besides a detailed briefing on the problems faced by SMEs and the plan of action to address them, the strategy to include SMEs in the country's exports, and other measures included in the business plan. A briefing was also given on ongoing measures to further enhance the existing cooperation with various countries to introduce Pakistan's SME sector on a competitive basis in the global market.

The meeting was briefed on enhancing the capacity of domestic SMEs, multiple workshops have recently been organised in six cities.—APP

Sindh leads Centre, counterparts in PPP liabilities

Total liabilities exceeded Rs472bn by end of last month

By Khaleeq Kiani

ISLAMABAD: Overwhelmingly led by Sindh, the country's total contingent liabilities arising out of public-private partnership (PPP) projects — both at the Centre and the four provinces — exceeded Rs472 billion by the end of last month, according to the Ministry of Finance.

In its first of the kind "Fiscal Risk Monitoring Framework for Contingent Liabilities of PPP Projects", in line with commitments made to the International Monetary Fund (IMF), the ministry's Debt Management Office reported a total of Rs472.3bn in such liabilities as of Dec 2025.

More than 71pc (Rs335.6bn) of the total pertained to contingent liabilities of the Sindh government, which has the largest portfolio of 17 PPP projects — almost half of 36 across the country.

The federal government's total contingent liabilities against PPP projects amounted to Rs90.6bn, or 19.3pc of the cumulative amount, followed by Punjab at Rs26.5bn (5.6pc) and Rs19.6bn (4.2pc of the total) of the Khyber Pakhtunkhwa government.

Balochistan has no such liabilities, although its five projects were among the 36 total PPP project portfolio across the country.

In its latest written commitment to the IMF, the government had promised to improve the risk monitoring framework of public-private partnerships, including those at the provincial level.

"We will subject PPP-funded projects to the same rigorous selection criteria applied to projects funded through other sources", Finance Minister Muhammad Aurangzeb said, adding that Risk Management Unit (RMU) in the Ministry of Finance, in coordination with other stakeholders, was in the process of establishing a monitoring framework for quantifying contingent liabilities related to PPPs for publishing estimates by end-December 2025.

Contingent liabilities are those contractual obligations of the state for which public sector entities have assumed risks against these PPP projects and are calculated in nominal values calculated over the life of the contract.

Of the total liabilities, Rs368.3bn pertain to contingent fiscal responsibilities that may accrue due to minimum revenue guaranteed by the respective governments against a specific project, cost escalation, interest rate fluctuations or terminal liabilities, while another Rs104bn have been pitched as financial guarantees.

Cost escalation

The report suggests Sindh's direct contingent liabilities because of cost escalation, minimum revenue guarantee and terminal liabilities stand at Rs255.5bn, accounting for close to 70pc of the Rs368.3bn consolidated national amount. Sindh's largest risk exposure for contingent liabilities stems from cost escalation estimated at Rs146.6bn, followed by Rs61bn for minimum revenue guaranteed by the provincial government to private partners.

This is in addition to about Rs80bn in financial guarantees.

The federal government's total PPP liabilities of Rs90.6bn include Rs83.7bn on account of termination liabilities and Rs7bn in financial guarantees. Financial guarantees are instruments issued against a financial commitment agreed to be undertaken by the public sector like viability gap financing support.

The report highlighted 'high' risk of these contingent liabilities becoming actually due on account of Rs150bn each for cost escalation and termination liabilities, Rs104bn on account of financial guarantees and about Rs66bn for minimum revenue guarantees, led by Sindh with Rs61bn.

IMF stipulation

The framework is required under the IMF programme to establish a consistent system for identifying, quantifying, and reporting contingent liabilities arising from PPP projects at both federal and provincial government levels.

This is because the PPP contracts can create fiscal exposures that do not immediately appear in budget or debt statements, but could materialise later through guarantee calls, revenue support mechanisms, indexation adjustments or termination-related payments.

The framework provides a uniform methodology to classify and quantify both direct and contingent liabilities and to consolidate these into a single national PPP fiscal exposure dataset managed by the RMU of the Ministry of Finance.